

110TH CONGRESS
1ST SESSION

H. R. 3959

To amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 24, 2007

Mr. GARRETT of New Jersey (for himself and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PHASE-IN OF ACTUARIAL RATES FOR CERTAIN**
4 **PRE-FIRM PROPERTIES.**

5 (a) IN GENERAL.—Section 1308(c) of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is
7 amended—

8 (1) by redesignating paragraph (2) as para-
9 graph (3); and

1 (2) by inserting after paragraph (1) the fol-
2 lowing new paragraph:

3 “(2) RECENTLY PURCHASED PRE-FIRM PROP-
4 ERTIES.—Any property that—

5 “(A) has been constructed or substantially
6 improved and for which such construction or
7 improvement was started, as determined by the
8 Director, before December 31, 1974, or before
9 the effective date of the initial rate map pub-
10 lished by the Director under paragraph (2) of
11 section 1360 for the area in which such prop-
12 erty is located, whichever is later; and

13 “(B) is purchased—

14 “(i) after the date of enactment of
15 this paragraph; and

16 “(ii) for not less than \$600,000.”.

17 (b) TECHNICAL AMENDMENTS.—Section 1308(c) of
18 the National Flood Insurance Act of 1968 (42 U.S.C.
19 4015(c)) is amended—

20 (1) in the matter preceding paragraph (1), by
21 striking “the limitations provided under paragraphs
22 (1) and (2)” and inserting “subsection (e)”; and

23 (2) in paragraph (1), by striking “, except” and
24 all that follows through “subsection (e)”.

25 (c) EFFECTIVE DATE AND TRANSITION.—

1 (1) EFFECTIVE DATE.—The amendments made
2 by subsections (a) and (b) shall apply beginning on
3 January 1, 2011, except as provided in paragraph
4 (2) of this subsection.

5 (2) TRANSITION FOR PROPERTIES COVERED BY
6 FLOOD INSURANCE UPON EFFECTIVE DATE.—

7 (A) INCREASE OF RATES OVER TIME.—In
8 the case of any property described in paragraph
9 (2) of section 1308(c) of the National Flood In-
10 surance Act of 1968, as amended by subsection
11 (a) of this section, that, as of the effective date
12 under paragraph (1) of this subsection, is cov-
13 ered under a policy for flood insurance made
14 available under the national flood insurance
15 program for which the chargeable premium
16 rates are less than the applicable estimated risk
17 premium rate under section 1307(a)(1) for the
18 area in which the property is located, the Direc-
19 tor of the Federal Emergency Management
20 Agency shall increase the chargeable premium
21 rates for such property over time to such appli-
22 cable estimated risk premium rate under section
23 1307(a)(1).

24 (B) ANNUAL INCREASE.—Such increase
25 shall be made by increasing the chargeable pre-

mium rates for the property (after application of any increase in the premium rates otherwise applicable to such property), once during the 12-month period that begins upon the effective date under paragraph (1) of this subsection, and once every 12 months thereafter until such increase is accomplished, by 15 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate or to comply with subparagraph (C)). Any increase in chargeable premium rates for a property pursuant to this paragraph shall not be considered for purposes of the limitation under section 1308(e) of such Act.

(C) FULL ACTUARIAL RATES.—The provisions of paragraph (2) of such section 1308(c) shall apply to such a property upon the accomplishment of the increase under this paragraph and thereafter.

○